

**CITY OF LODI  
INFORMAL INFORMATIONAL MEETING  
"SHIRTSLEEVE" SESSION  
CARNEGIE FORUM, 305 WEST PINE STREET  
TUESDAY, JULY 27, 2004**

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, July 27, 2004, commencing at 7:03 a.m.

**A. ROLL CALL**

Present: Council Members – Beckman, Land, and Mayor Hansen

Absent: Council Members – Hitchcock and Howard

Also Present: Deputy City Manager Keeter, City Attorney Schwabauer, and City Clerk Blackston

**B. CITY COUNCIL CALENDAR UPDATE**

City Clerk Blackston reviewed the weekly calendar (filed).

**C. TOPIC(S)**

C-1 "Update regarding potential health insurance changes"

Deputy City Manager Keeter reported that the City Manager had met with department heads, staff, retirees, and bargaining groups about this matter. Council was briefed at a Special meeting on July 6 and on July 15 the City Manager and staff met with ABD Insurance & Financial Services and PacifiCare.

Terri Ezaki, representing ABD Insurance, distributed and reviewed a handout entitled "City of Lodi Active/Retiree 2005 PERS Breakaway Update" (filed). She highlighted the following information:

- Blue Cross has declined to submit a quote;
- Health Net would not be an adequate network as it does not contract with Lodi Memorial Hospital;
- Kaiser may adjust the rates it quoted after it receives notification that the City has withdrawn from CalPERS; however, Ms. Ezaki stated that its rates would never be below CalPERS rates;
- Late Friday afternoon, a quote was received from Aetna; Ms. Ezaki stated that work still needs to be done to make sure that the benefit design, eligibility, and other components are confirmed prior to it being an option for the City to consider;
- The overall cost comparison shows a savings of just under \$400,000 between the 2005 CalPERS rates and the PacifiCare/Kaiser options; and
- PacifiCare has provided guarantees and trend caps, which means that it would take the City's experience, and in addition to that, project a future amount.

Ms. Ezaki reported that Lodi Firefighters have expressed concern about leaving CalPERS and have indicated that they would prefer remaining with them for the stability it offers. There are 44 active firefighter employees on the census, which amount to 10% of the group. Ms. Ezaki stated that the group rate would be affected if the firefighters were not included.

Ms. Ezaki stated that PacifiCare's average rate increases in California ranged between 12% to 15% in 2001-03 and its Preferred Provider Organization plan increased 12% to 14% in the same period.

In answer to Mayor Pro Tempore Beckman, Ms. Ezaki stated that the deadline for Lodi to withdraw from CalPERS is August 14. A decision on an insurance carrier would need to be made by September. Open enrollment could then occur in October, with an effective date of January 1, 2005. She confirmed that if the City switched to PacifiCare it would sustain a 9.45% increase in medical insurance costs and if it stayed with CalPERS the increase would be 23.71%.

*Continued July 27, 2004*

Ms. Keeter noted that the Human Resources Department and staff would be meeting formally with bargaining groups regarding this matter. She commented that many of these changes would result in an increased cost to retirees as well.

Mayor Hansen pointed out that the Memorandums of Understanding tie the City to a specific insurance provider, which he believed to be a mistake and suggested that it be considered in future bargaining sessions. He requested that a CalPERS representative appear at a future City Council meeting to discuss its medical insurance rate increases and answer questions.

Council Member Land asked that another attempt be made to obtain the City's utilization cost information from CalPERS.

**D. COMMENTS BY THE PUBLIC ON NON-AGENDA ITEMS**

None.

**E. ADJOURNMENT**

No action was taken by the City Council. The meeting was adjourned at 7:48 a.m.

ATTEST:

Susan J. Blackston  
City Clerk

## Mayor's & Council Members' Weekly Calendar

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### WEEK OF JULY 27, 2004

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#### Tuesday, July 27, 2004

7:00 a.m.                Shirtsleeve Session  
Update regarding potential health insurance changes (HR)

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#### Wednesday, July 28, 2004

Reminder                **Hansen.** League of California Cities Mayors and Council Members  
Executive Forum and Academy Advanced Leadership Workshop,  
Monterey, CA. July 28 – 31, 2004

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#### Thursday, July 29, 2004

9:00 a.m.                San Joaquin County of Public Works Groundbreaking Ceremony for the  
start of work on Main Street in Historic Woodbridge, located between  
Cactus and Woodbridge Feed and Fuel Restaurants.

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#### Friday, July 30, 2004

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#### Saturday, July 31, 2004

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#### Sunday, August 1, 2004

11:00 – 2:00 p.m.    Lodi Boys and Girls Club, National Kids Day Celebration,  
Blakely Park ~ Corner of Stockton and Poplar Street.

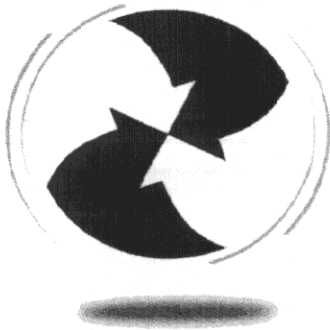
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#### Monday, August 2, 2004

*Disclaimer: This calendar contains only information that was provided to the City Clerk's Office.*

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filed 7-27-04



**abd** insurance  
**services**  
financial

# City of Lodi

A c t i v e / R e t i r e e   2 0 0 5   P E R S   B r e a k a w a y  
U p d a t e

Presented By

Terri Ezaki  
July 27, 2004

**ABD Insurance & Financial Services**  
***Sacramento Employee Benefits Division***  
**Broker License No. 0D58513**

# HMO Medical Group & Hospital Comparison

## -- Stanislaus/San Joaquin Counties --

	Aetna	Blue Cross	Blue Shield	Health Net	Pacificare
<b>Medical Groups</b>					
Allcare Modesto (formerly Mullikin)	Yes	Yes	Yes	Yes	Yes
Central Valley Medical Group (CVMG) (Modesto)	No	No	No	Yes	Yes
Delta IPA (Lodi, Tracy)	No	Yes	Yes	Yes	Yes
Delta IPA (Stockton, Tracey)	No	Yes	Yes	Yes	Yes
Lodi Blue Shield Administered	No	No	Yes	No	No
Medcore - San Joaquin	Yes	No	No	No	Yes
Sutter Gould Medical Foundation	Yes	Yes	Yes	Yes	Yes
Valley Care IPA	No	Yes	No	Yes	Yes

<b>Hospitals</b>					
Dameron Hospital (Stockton) - San Joaquin	Yes	Yes	Yes	Yes	Yes
Doctors Hospital (Modesto/Manteca) - Stanislaus	Yes	Yes	Yes	Yes	No
Emanuel Medical Center (Turlock) - Stanislaus	Yes	Yes	Yes	Yes	Yes
Lodi Memorial Hospital (Lodi) - San Joaquin	Yes	Yes	Yes	No	Yes
Los Banos Community Hospital - Merced	No	No	No	No	No
Mark Twain Saint Joseph's Hospital	No	Yes	No	Yes	No
Memorial Hospital of Los Banos	Yes	Yes	Yes	Yes	No
Memorial Medical Ctr (Modesto)	Yes	Yes	Yes	Yes	Yes
Mercy Hospital - Merced	No	Yes	Yes	Yes	Yes
Oak Valley District Hospital (Oakdale) - Stanislaus	Yes	Yes	Yes	Yes	Yes
St. Dominic's Hospital (Manteca) - San Joaquin	No	Yes	Yes	Yes	Yes
St. Joseph's Medical Center - San Joaquin	No	Yes	Yes	Yes	Yes
Sutter Delta Medical Center	Yes	Yes	Yes	Yes	Yes
Sutter Tracy Hospital (Tracy) - San Joaquin	Yes	Yes	Yes	Yes	Yes

Information provided from carrier websites effective: July 2004 July 2004 July 2004 July 2004 July 2004

# Kaiser/Aetna Quote Information

## **Kaiser :**

- \* Preliminary Kaiser Rates
- Rates include Chiropractic Plan (similar to PERS)

## **Aetna :**

- \* Preliminary Aetna Rates
- \* Refine Rates and Quote Assumptions
- \* Rates include Chiropractic Plan (Blue Shield PERS does not)
- \* Compare Benefit Designs
- \* Refine Eligibility Guidelines

# CITY OF LODI

## MEDICAL - Cost Comparison (Actives) - Effective January 1, 2005

		PERS - CURRENT 1/1/04-12/31/04	PERS - RENEWAL; Effective 1/1/05-12/31/05	OPTION: AETNA; Effective 1/1/05-12/31/05
	# Covered	KAISER (HMO)	KAISER (HMO)	KAISER (HMO)
<b>MEDICAL</b>		<u>(\$10 OV, Rx \$5/15, \$10 chiro)</u>	<u>(\$10 OV, Rx \$5/15, \$10 chiro)</u>	<u>(\$10 OV, Rx \$5/15, chiro)</u>
Employee	15	\$305.42	\$354.69	\$410.28
Employee + 1 Dependent	6	\$610.84	\$709.38	\$820.56
Employee + 2 or more Dep.	15	\$794.09	\$922.19	\$1,066.72
<b>MONTHLY PREMIUM</b>		<b>\$20,157.69</b>	<b>\$23,409.48</b>	<b>\$27,078.36</b>
<b>ANNUAL PREMIUM</b>		<b>\$241,892</b>	<b>\$280,914</b>	<b>\$324,940</b>
<b>Annual \$ Increase over Current</b>		<b>N/A</b>	<b>\$39,021</b>	<b>\$83,048</b>
<b>% Increase over Current:</b>		<b>N/A</b>	<b>16.13%</b>	<b>34.33%</b>
		<b>BLUE SHIELD</b>	<b>BLUE SHIELD</b>	<b>AETNA</b>
		<u>(\$10 OV, Rx \$5/15/45)</u>	<u>(\$10 OV, Rx \$5/15/45)</u>	<u>(\$10 OV, Rx \$5/15/30, \$10 Chiro)</u>
Employee	67	\$315.22	\$389.96	\$403.04
Employee + 1 Dependent	78	\$630.44	\$779.92	\$806.08
Employee + 2 or more Dep.	205	\$819.57	\$1,013.90	\$1,047.91
<b>MONTHLY PREMIUM</b>		<b>\$238,305.91</b>	<b>\$294,810.58</b>	<b>\$304,699.47</b>
<b>ANNUAL PREMIUM</b>		<b>\$2,859,671</b>	<b>\$3,537,727</b>	<b>\$3,656,394</b>
<b>Annual \$ Increase over Current</b>		<b>N/A</b>	<b>\$678,056</b>	<b>\$796,723</b>
<b>% Increase over Current:</b>		<b>N/A</b>	<b>23.71%</b>	<b>27.86%</b>
		<b>PERSCARE (PPO)</b>	<b>PERSCARE (PPO)</b>	<b>AETNA</b>
Employee	0	\$544.77	\$619.93	Open Access Managed Choice POS (80-60) \$518.97
Employee + 1 Dependent	0	\$1,089.54	\$1,239.86	\$1,037.95
Employee + 2 or more Dep.	0	\$1,416.40	\$1,611.82	\$1,349.32
<b>MONTHLY PREMIUM</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>ANNUAL PREMIUM</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Annual \$ Increase over Current</b>		<b>N/A</b>	<b>\$0</b>	<b>\$0</b>
<b>% Increase over Current:</b>		<b>N/A</b>	<b>N/A</b>	<b>-4.74%</b>
		<b>PERS CHOICE (PPO)</b>	<b>PERS CHOICE (PPO)</b>	<b>AETNA</b>
Employee	26	\$349.41	\$369.74	Open Access Managed Choice POS (80-60) \$518.97
Employee + 1 Dependent	0	\$698.82	\$739.48	\$1,037.95
Employee + 2 or more Dep.	0	\$908.47	\$961.32	\$1,349.32
<b>MONTHLY PREMIUM</b>		<b>\$9,084.66</b>	<b>\$9,613.24</b>	<b>\$13,493.22</b>
<b>ANNUAL PREMIUM</b>		<b>\$109,016</b>	<b>\$115,359</b>	<b>\$161,919</b>
<b>Annual \$ Increase over Current</b>		<b>N/A</b>	<b>\$6,343</b>	<b>\$52,903</b>
<b>% Increase over Current:</b>		<b>N/A</b>	<b>5.82%</b>	<b>48.53%</b>
		<b>PORAC (PPO)</b>	<b>PORAC (PPO)</b>	<b>AETNA</b>
Employee	0	\$399.00	\$399.00	Open Access Managed Choice POS (80-60) \$518.97
Employee + 1 Dependent	0	\$733.00	\$748.00	\$1,037.95
Employee + 2 or more Dep.	4	\$931.00	\$950.00	\$1,349.32
<b>MONTHLY PREMIUM</b>		<b>\$3,724.00</b>	<b>\$3,800.00</b>	<b>\$5,397.28</b>
<b>ANNUAL PREMIUM</b>		<b>\$44,688</b>	<b>\$45,600</b>	<b>\$64,767</b>
<b>Annual \$ Increase over Current</b>		<b>N/A</b>	<b>\$76</b>	<b>\$20,079</b>
<b>% Increase over Current:</b>		<b>N/A</b>	<b>2%</b>	<b>42.03%</b>
<b>TOTAL MONTHLY PREMIUM</b>		<b>\$271,272</b>	<b>\$331,633</b>	<b>\$350,668</b>
<b>TOTAL ANNUAL PREMIUM</b>		<b>\$3,255,267</b>	<b>\$3,979,600</b>	<b>\$4,208,020</b>
<b>\$ Increase over Current</b>		<b>N/A</b>	<b>\$724,332</b>	<b>\$952,753</b>

Participation in the medical plans is based on current medical elections.

Rates above are based on the census data provided by CITY OF LODI.

Final rates are subject to actual enrollment, plan design(s) selected, underwriting guidelines and approval.

# CITY OF LODI

**MEDICAL - Cost Comparison - Early Retirees (Under 65) - Effective January 1, 2005**

		<b>PERS - CURRENT; 1/1/04-12/31/04</b>	<b>PERS - RENEWAL; Effective 1/1/05-12/31/05</b>	<b>OPTION: PACIFICARE; Effective 1/1/05</b>
	<b># Covered</b>	<b>KAISER (HMO)</b>	<b>KAISER (HMO)</b>	<b>KAISER (HMO)</b>
<b>MEDICAL</b>		<b>(\$10 OV, Rx \$5/15, \$10 chiro)</b>	<b>(\$10 OV, Rx \$5/15, \$10 chiro)</b>	<b>(\$10 OV, Rx \$5/15)</b>
Employee	3	\$305.42	\$354.69	\$410.28
Employee + 1 Dependent	3	\$610.84	\$709.38	\$820.56
Employee + 2 or more Dep.	1	\$794.09	\$922.19	\$1,066.72
<b>MONTHLY PREMIUM</b>		<b>\$3,542.87</b>	<b>\$4,114.40</b>	<b>\$4,759.24</b>
<b>ANNUAL PREMIUM</b>		<b>\$42,514</b>	<b>\$49,373</b>	<b>\$57,111</b>
<b>% Increase over Current:</b>		<b>N/A</b>	<b>N/A</b>	<b>15.67%</b>
		<b>BLUE SHIELD</b>	<b>BLUE SHIELD</b>	<b>AETNA</b>
		<b>(\$10 OV, Rx \$5/15/45)</b>	<b>(\$10 OV, Rx \$5/15/45)</b>	<b>(\$10 OV, Rx \$5/15/30, \$10 chiro)</b>
Employee	13	\$315.22	\$389.96	\$403.04
Employee + 1 Dependent	21	\$630.44	\$779.92	\$806.08
Employee + 2 or more Dep.	6	\$819.57	\$1,013.90	\$1,047.91
<b>MONTHLY PREMIUM</b>		<b>\$22,254.52</b>	<b>\$27,531.20</b>	<b>\$28,454.66</b>
<b>ANNUAL PREMIUM</b>		<b>\$267,054</b>	<b>\$330,374</b>	<b>\$341,456</b>
<b>% Increase over Current:</b>		<b>N/A</b>	<b>23.71%</b>	<b>27.86%</b>
		<b>PERSCARE (PPO)</b>	<b>PERSCARE (PPO)</b>	<b>AETNA</b>
				Open Access Managed Choice POS (80-60)
Employee	0	\$544.77	\$619.93	\$518.97
Employee + 1 Dependent	0	\$1,089.54	\$1,239.86	\$1,037.95
Employee + 2 or more Dep.	0	\$1,416.40	\$1,611.82	\$1,349.32
<b>MONTHLY PREMIUM</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>ANNUAL PREMIUM</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>% Increase over Current:</b>		<b>N/A</b>	<b>N/A</b>	<b>-4.74%</b>
		<b>PERS CHOICE (PPO)</b>	<b>PERS CHOICE (PPO)</b>	<b>AETNA</b>
				Open Access Managed Choice POS (80-60)
Employee	1	\$349.41	\$369.74	\$518.97
Employee + 1 Dependent	3	\$698.82	\$739.48	\$1,037.95
Employee + 2 or more Dep.	1	\$908.47	\$961.32	\$1,349.32
<b>MONTHLY PREMIUM</b>		<b>\$3,354.34</b>	<b>\$3,549.50</b>	<b>\$4,982.14</b>
<b>ANNUAL PREMIUM</b>		<b>\$40,252</b>	<b>\$42,594</b>	<b>\$59,786</b>
<b>% Increase over Current:</b>		<b>N/A</b>	<b>5.82%</b>	<b>48.53%</b>
		<b>PORAC (PPO)</b>	<b>PORAC (PPO)</b>	<b>AETNA</b>
				Open Access Managed Choice POS (80-60)
Employee	1	\$399.00	\$399.00	\$518.97
Employee + 1 Dependent	3	\$733.00	\$748.00	\$1,037.95
Employee + 2 or more Dep.	0	\$931.00	\$950.00	\$1,349.32
<b>MONTHLY PREMIUM</b>		<b>\$2,598.00</b>	<b>\$2,643.00</b>	<b>\$3,632.82</b>
<b>ANNUAL PREMIUM</b>		<b>\$31,176</b>	<b>\$31,716</b>	<b>\$43,594</b>
<b>% Increase over Current:</b>		<b>N/A</b>	<b>1.73%</b>	<b>39.83%</b>
<b>TOTAL MONTHLY PREMIUM</b>		<b>\$31,749.73</b>	<b>\$37,838.10</b>	<b>\$41,828.86</b>
<b>TOTAL ANNUAL PREMIUM</b>		<b>\$380,997</b>	<b>\$454,057</b>	<b>\$501,946</b>
<b>% of increase over CURRENT</b>		<b>N/A</b>	<b>N/A</b>	<b>31.75%</b>

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# CITY OF LODI

## MEDICAL - CalPERS Medicare HMO Cost Comparison

		PERS - CURRENT	PERS Effective 1/1/05-12/31/05	AETNA
	# COVERED	KAISER (HMO Option)	KAISER (HMO Option)	KAISER (HMO Option)
Retiree w/Medicare	1	\$273.86	\$255.97	\$255.97
Retiree w/Medicare + 1 Dependent w/Med	4	\$547.72	\$511.94	\$511.94
Retiree + 2 or more Dependents	0	\$821.48	\$767.91	
<b>TOTAL MONTHLY PREMIUM</b>		<b>\$2,464.74</b>	<b>\$2,303.73</b>	<b>\$2,303.73</b>
<b>TOTAL ANNUAL PREMIUM</b>		<b>\$29,576.88</b>	<b>\$27,644.76</b>	<b>\$27,644.76</b>
<b>% Change over Current</b>		<b>N/A</b>	<b>-6.53%</b>	<b>-6.53%</b>
		Supplement / Managed Care	Supplement / Managed Care	Supplement / Managed Care
	# COVERED	BLUE SHIELD (HMO Option)	BLUE SHIELD (HMO Option)	AETNA Open Access Managed Choice POS (90-60) or Indemnity
Retiree w/Medicare	10	\$319.97	\$287.78	\$319.68
Retiree w/Medicare + 1 Dependent w/Med	17	\$639.94	\$575.56	\$639.35
Retiree + 2 or more Dependents	0	\$959.91	\$863.34	\$831.16
<b>TOTAL MONTHLY PREMIUM</b>		<b>\$14,078.68</b>	<b>\$12,662.32</b>	<b>\$14,065.75</b>
<b>TOTAL ANNUAL PREMIUM</b>		<b>\$168,944.16</b>	<b>\$151,947.84</b>	<b>\$168,789.00</b>
<b>% Change over Current</b>		<b>N/A</b>	<b>-10.06%</b>	<b>-0.09%</b>
		Supplement / Managed Care	Supplement / Managed Care	Supplement / Managed Care
	# COVERED	PERS Care PPO (PPO Option)	PERS Care PPO (PPO Option)	AETNA Open Access Managed Choice POS (90-60) or Indemnity
Retiree w/Medicare	5	\$336.07	\$289.32	\$319.68
Retiree w/Medicare + 1 Dependent w/Med	5	\$672.14	\$578.64	\$639.35
Retiree + 2 or more Dependents	0	\$1,008.21	\$867.96	\$831.16
<b>TOTAL MONTHLY PREMIUM</b>		<b>\$5,041.05</b>	<b>\$4,339.80</b>	<b>\$4,795.15</b>
<b>TOTAL ANNUAL PREMIUM</b>		<b>\$60,492.60</b>	<b>\$52,077.60</b>	<b>\$57,541.80</b>
<b>% Change over Current</b>		<b>N/A</b>	<b>-13.91%</b>	<b>-4.88%</b>
		Supplement / Managed Care	Supplement / Managed Care	Supplement / Managed Care
	# COVERED	PERS Choice PPO (PPO Option)	PERS Choice PPO (PPO Option)	AETNA Open Access Managed Choice POS (90-60) or Indemnity
Retiree w/Medicare	6	\$305.67	\$279.60	\$319.68
Retiree w/Medicare + 1 Dependent w/Med	7	\$611.34	\$559.20	\$639.35
Retiree + 2 or more Dependents	0	\$917.01	\$838.80	\$831.16
<b>TOTAL MONTHLY PREMIUM</b>		<b>\$6,113.40</b>	<b>\$5,592.00</b>	<b>\$6,393.53</b>
<b>TOTAL ANNUAL PREMIUM</b>		<b>\$73,360.80</b>	<b>\$67,104.00</b>	<b>\$76,722.36</b>
<b>% Change over Current</b>		<b>N/A</b>	<b>-8.53%</b>	<b>4.58%</b>
		Supplement / Managed Care	Supplement / Managed Care	Supplement / Managed Care
	# COVERED	PORAC (PPO Option)	PORAC (PPO Option)	AETNA Open Access Managed Choice POS (90-60) or Indemnity
Retiree w/Medicare	0	\$351.00	\$351.00	\$319.68
Retiree w/Medicare + 1 Dependent w/Med	1	\$701.00	\$701.00	\$639.35
Retiree + 2 or more Dependents	0	\$1,049.00	\$1,049.00	\$831.16
<b>TOTAL MONTHLY PREMIUM</b>		<b>\$701.00</b>	<b>\$701.00</b>	<b>\$639.35</b>
<b>TOTAL ANNUAL PREMIUM</b>		<b>\$8,412.00</b>	<b>\$8,412.00</b>	<b>\$7,672.20</b>
<b>% Change over Current</b>		<b>N/A</b>	<b>0.00%</b>	<b>-8.79%</b>

NOTE: Quotes assume that all retirees over 65 have Medicare A & B.

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7/26/2004

# PacifiCare Revised Quote Information

- \* Removed Chiropractic Rider
- \* Updated over 65 rates (Supplement Plan)

# CITY OF LODI

## MEDICAL - Cost Comparison (Actives) - Effective January 1, 2005

		PERS - CURRENT 1/1/04-12/31/04	PERS - RENEWAL; Effective 1/1/05-12/31/05	OPTION: PACIFICARE; Effective 1/1/05-12/31/05
	# Covered	KAISER (HMO)	KAISER (HMO)	KAISER (HMO)
<b>MEDICAL</b>		(\$10 OV, Rx \$5/15, \$10 chiro)	(\$10 OV, Rx \$5/15, \$10 chiro)	(\$10 OV, Rx \$5/15, chiro)
Employee	15	\$305.42	\$354.69	\$410.28
Employee + 1 Dependent	6	\$610.84	\$709.38	\$820.56
Employee + 2 or more Dep.	15	\$794.09	\$922.19	\$1,066.72
<b>MONTHLY PREMIUM</b>		<b>\$20,157.69</b>	<b>\$23,409.48</b>	<b>\$27,078.36</b>
<b>ANNUAL PREMIUM</b>		<b>\$241,892</b>	<b>\$280,914</b>	<b>\$324,940</b>
<b>Annual \$ Increase over Current</b>		<b>N/A</b>	<b>\$39,021</b>	<b>\$83,048</b>
<b>% Increase over Current:</b>		<b>N/A</b>	<b>16.13%</b>	<b>34.33%</b>
		<b>BLUE SHIELD</b>	<b>BLUE SHIELD</b>	<b>PACIFICARE</b>
		(\$10 OV, Rx \$5/15/45)	(\$10 OV, Rx \$5/15/45)	(\$10 OV, Rx \$5/15/30)
Employee	67	\$315.22	\$389.96	\$345.01
Employee + 1 Dependent	78	\$630.44	\$779.92	\$690.01
Employee + 2 or more Dep.	205	\$819.57	\$1,013.90	\$897.00
<b>MONTHLY PREMIUM</b>		<b>\$238,305.91</b>	<b>\$294,810.58</b>	<b>\$260,821.45</b>
<b>ANNUAL PREMIUM</b>		<b>\$2,859,671</b>	<b>\$3,537,727</b>	<b>\$3,129,857</b>
<b>Annual \$ Increase over Current</b>		<b>N/A</b>	<b>\$678,056</b>	<b>\$270,186</b>
<b>% Increase over Current:</b>		<b>N/A</b>	<b>23.71%</b>	<b>9.45%</b>
		<b>PERSCARE</b>	<b>PERSCARE</b>	<b>PACIFICARE</b>
		(PPO)	(PPO)	(PPO Plan U52 - Care)
Employee	0	\$544.77	\$619.93	\$407.38
Employee + 1 Dependent	0	\$1,089.54	\$1,239.86	\$814.74
Employee + 2 or more Dep.	0	\$1,416.40	\$1,611.82	\$1,059.17
<b>MONTHLY PREMIUM</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>ANNUAL PREMIUM</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Annual \$ Increase over Current</b>		<b>N/A</b>	<b>\$0</b>	<b>\$0</b>
<b>% Increase over Current:</b>		<b>N/A</b>	<b>N/A</b>	<b>-25.22%</b>
		<b>PERS CHOICE</b>	<b>PERS CHOICE</b>	<b>PACIFICARE</b>
		(PPO)	(PPO)	(PPO Plan U53 - Choice)
Employee	26	\$349.41	\$369.74	\$332.05
Employee + 1 Dependent	0	\$698.82	\$739.48	\$664.08
Employee + 2 or more Dep.	0	\$908.47	\$961.32	\$863.31
<b>MONTHLY PREMIUM</b>		<b>\$9,084.66</b>	<b>\$9,613.24</b>	<b>\$8,633.30</b>
<b>ANNUAL PREMIUM</b>		<b>\$109,016</b>	<b>\$115,359</b>	<b>\$103,600</b>
<b>Annual \$ Increase over Current</b>		<b>N/A</b>	<b>\$6,343</b>	<b>-\$5,416</b>
<b>% Increase over Current:</b>		<b>N/A</b>	<b>5.82%</b>	<b>-4.97%</b>
		<b>PORAC</b>	<b>PORAC</b>	<b>PACIFICARE</b>
		(PPO)	(PPO)	(PPO Plan U52 - Care)
Employee	0	\$399.00	\$399.00	\$407.38
Employee + 1 Dependent	0	\$733.00	\$748.00	\$814.74
Employee + 2 or more Dep.	4	\$931.00	\$950.00	\$1,059.17
<b>MONTHLY PREMIUM</b>		<b>\$3,724.00</b>	<b>\$3,800.00</b>	<b>\$4,236.68</b>
<b>ANNUAL PREMIUM</b>		<b>\$44,688</b>	<b>\$45,600</b>	<b>\$50,840</b>
<b>Annual \$ Increase over Current</b>		<b>N/A</b>	<b>\$76</b>	<b>\$6,152</b>
<b>% Increase over Current:</b>		<b>N/A</b>	<b>2%</b>	<b>11.49%</b>
<b>TOTAL MONTHLY PREMIUM</b>		<b>\$271,272</b>	<b>\$331,633</b>	<b>\$300,770</b>
<b>TOTAL ANNUAL PREMIUM</b>		<b>\$3,255,267</b>	<b>\$3,979,600</b>	<b>\$3,609,237</b>
<b>\$ Increase over Current</b>		<b>N/A</b>	<b>\$724,332</b>	<b>\$353,970</b>

Participation in the medical plans is based on current medical elections.

Rates above are based on the census data provided by CITY OF LODI.

Final rates are subject to actual enrollment, plan design(s) selected, underwriting guidelines and approval.

# CITY OF LODI

## MEDICAL - Cost Comparison - Early Retirees (Under 65) - Effective January 1, 2005

		<b>PERS - CURRENT; 1/1/04-12/31/04</b>	<b>PERS - RENEWAL; Effective 1/1/05-12/31/05</b>	<b>OPTION: PACIFICARE; Effective 1/1/05</b>
	<b># Covered</b>	<b>KAISER (HMO)</b>	<b>KAISER (HMO)</b>	<b>KAISER (HMO)</b>
<u><b>MEDICAL</b></u>		<u><b>(\$10 OV, Rx \$5/15, \$10 chiro)</b></u>	<u><b>(\$10 OV, Rx \$5/15, \$10 chiro)</b></u>	<u><b>(\$10 OV, Rx \$5/15)</b></u>
Employee	3	\$305.42	\$354.69	\$410.28
Employee + 1 Dependent	3	\$610.84	\$709.38	\$820.56
Employee + 2 or more Dep.	1	\$794.09	\$922.19	\$1,066.72
<b>MONTHLY PREMIUM</b>		<b>\$3,542.87</b>	<b>\$4,114.40</b>	<b>\$4,759.24</b>
<b>ANNUAL PREMIUM</b>		<b>\$42,514</b>	<b>\$49,373</b>	<b>\$57,111</b>
<b>% Increase over Current:</b>		<b>N/A</b>	<b>N/A</b>	<b>15.67%</b>
		<b>BLUE SHIELD</b>	<b>BLUE SHIELD</b>	<b>PACIFICARE</b>
		<u><b>(\$10 OV, Rx \$5/15/45)</b></u>	<u><b>(\$10 OV, Rx \$5/15/45)</b></u>	<u><b>(\$10 OV, Rx \$5/15/30)</b></u>
Employee	13	\$315.22	\$389.96	\$345.01
Employee + 1 Dependent	21	\$630.44	\$779.92	\$690.01
Employee + 2 or more Dep.	6	\$819.57	\$1,013.90	\$897.00
<b>MONTHLY PREMIUM</b>		<b>\$22,254.52</b>	<b>\$27,531.20</b>	<b>\$24,357.34</b>
<b>ANNUAL PREMIUM</b>		<b>\$267,054</b>	<b>\$330,374</b>	<b>\$292,288</b>
<b>% Increase over Current:</b>		<b>N/A</b>	<b>23.71%</b>	<b>9.45%</b>
		<b>PERSCARE</b>	<b>PERSCARE</b>	<b>PACIFICARE</b>
		<b>(PPO)</b>	<b>(PPO)</b>	<b>(PPO Plan U52 - Care)</b>
Employee	0	\$544.77	\$619.93	\$407.38
Employee + 1 Dependent	0	\$1,089.54	\$1,239.86	\$814.74
Employee + 2 or more Dep.	0	\$1,416.40	\$1,611.82	\$1,059.17
<b>MONTHLY PREMIUM</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>ANNUAL PREMIUM</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>% Increase over Current:</b>		<b>N/A</b>	<b>N/A</b>	<b>-25.22%</b>
		<b>PERS CHOICE</b>	<b>PERS CHOICE</b>	<b>PACIFICARE</b>
		<b>(PPO)</b>	<b>(PPO)</b>	<b>(PPO Plan U53 - Choice)</b>
Employee	1	\$349.41	\$369.74	\$332.05
Employee + 1 Dependent	3	\$698.82	\$739.48	\$664.08
Employee + 2 or more Dep.	1	\$908.47	\$961.32	\$863.31
<b>MONTHLY PREMIUM</b>		<b>\$3,354.34</b>	<b>\$3,549.50</b>	<b>\$3,187.60</b>
<b>ANNUAL PREMIUM</b>		<b>\$40,252</b>	<b>\$42,594</b>	<b>\$38,251</b>
<b>% Increase over Current:</b>		<b>N/A</b>	<b>5.82%</b>	<b>-4.97%</b>
		<b>PORAC</b>	<b>PORAC</b>	<b>PACIFICARE</b>
		<b>(PPO)</b>	<b>(PPO)</b>	<b>(PPO Plan U523 - Care)</b>
Employee	1	\$399.00	\$399.00	\$407.38
Employee + 1 Dependent	3	\$733.00	\$748.00	\$814.74
Employee + 2 or more Dep.	0	\$931.00	\$950.00	\$1,059.17
<b>MONTHLY PREMIUM</b>		<b>\$2,598.00</b>	<b>\$2,643.00</b>	<b>\$2,851.60</b>
<b>ANNUAL PREMIUM</b>		<b>\$31,176</b>	<b>\$31,716</b>	<b>\$34,219</b>
<b>% Increase over Current:</b>		<b>N/A</b>	<b>1.73%</b>	<b>9.76%</b>
<b>TOTAL MONTHLY PREMIUM</b>		<b>\$31,749.73</b>	<b>\$37,838.10</b>	<b>\$35,155.78</b>
<b>TOTAL ANNUAL PREMIUM</b>		<b>\$380,997</b>	<b>\$454,057</b>	<b>\$421,869</b>
<b>% of increase over CURRENT</b>		<b>N/A</b>	<b>N/A</b>	<b>10.73%</b>

Participation in the medical plans is based on current medical elections.

Rates above are based on the census data provided by CITY OF LODI.

Final rates are subject to actual enrollment, plan design(s) selected, underwriting guidelines and approval.

# CITY OF LODI

## MEDICAL - CalPERS Medicare HMO Cost Comparison

		PERS - CURRENT	PERS Effective 1/1/05-12/31/05	PACIFICARE
	# COVERED	KAISER (HMO Option)	KAISER (HMO Option)	KAISER (HMO Option)
Retiree w/Medicare	1	\$273.86	\$255.97	\$255.97
Retiree w/Medicare + 1 Dependent w/Med	4	\$547.72	\$511.94	\$511.94
Retiree + 2 or more Dependents	0	\$821.48	\$767.91	
<b>TOTAL MONTHLY PREMIUM</b>		<b>\$2,464.74</b>	<b>\$2,303.73</b>	<b>\$2,303.73</b>
<b>TOTAL ANNUAL PREMIUM</b>		<b>\$29,576.88</b>	<b>\$27,644.76</b>	<b>\$27,644.76</b>
<b>% Change over Current</b>		<b>N/A</b>	<b>-6.53%</b>	<b>-6.53%</b>
		Supplement / Managed Care	Supplement / Managed Care	Supplement / Managed Care
	# COVERED	BLUE SHIELD (HMO Option)	BLUE SHIELD (HMO Option)	PACIFICARE - Senior Supplement Plan F
Retiree w/Medicare	10	\$319.97	\$287.78	\$309.97
Retiree w/Medicare + 1 Dependent w/Med	17	\$639.94	\$575.56	\$619.94
Retiree + 2 or more Dependents	0	\$959.91	\$863.34	
<b>TOTAL MONTHLY PREMIUM</b>		<b>\$14,078.68</b>	<b>\$12,662.32</b>	<b>\$13,638.68</b>
<b>TOTAL ANNUAL PREMIUM</b>		<b>\$168,944.16</b>	<b>\$151,947.84</b>	<b>\$163,664.16</b>
<b>% Change over Current</b>		<b>N/A</b>	<b>-10.06%</b>	<b>-3.13%</b>
		Supplement / Managed Care	Supplement / Managed Care	Supplement / Managed Care
	# COVERED	PERS Care PPO (PPO Option)	PERS Care PPO (PPO Option)	PACIFICARE - Senior Supplement Plan F
Retiree w/Medicare	5	\$336.07	\$289.32	\$309.97
Retiree w/Medicare + 1 Dependent w/Med	5	\$672.14	\$578.64	\$619.94
Retiree + 2 or more Dependents	0	\$1,008.21	\$867.96	
<b>TOTAL MONTHLY PREMIUM</b>		<b>\$5,041.05</b>	<b>\$4,339.80</b>	<b>\$4,649.55</b>
<b>TOTAL ANNUAL PREMIUM</b>		<b>\$60,492.60</b>	<b>\$52,077.60</b>	<b>\$55,794.60</b>
<b>% Change over Current</b>		<b>N/A</b>	<b>-13.91%</b>	<b>-7.77%</b>
		Supplement / Managed Care	Supplement / Managed Care	Supplement / Managed Care
	# COVERED	PERS Choice PPO (PPO Option)	PERS Choice PPO (PPO Option)	PACIFICARE - Senior Supplement Plan F
Retiree w/Medicare	6	\$305.67	\$279.60	\$309.97
Retiree w/Medicare + 1 Dependent w/Med	7	\$611.34	\$559.20	\$619.94
Retiree + 2 or more Dependents	0	\$917.01	\$838.80	
<b>TOTAL MONTHLY PREMIUM</b>		<b>\$6,113.40</b>	<b>\$5,592.00</b>	<b>\$6,199.40</b>
<b>TOTAL ANNUAL PREMIUM</b>		<b>\$73,360.80</b>	<b>\$67,104.00</b>	<b>\$74,392.80</b>
<b>% Change over Current</b>		<b>N/A</b>	<b>-8.53%</b>	<b>1.41%</b>
		Supplement / Managed Care	Supplement / Managed Care	Supplement / Managed Care
	# COVERED	PORAC (PPO Option)	PORAC (PPO Option)	PACIFICARE - Senior Supplement Plan F
Retiree w/Medicare	0	\$351.00	\$351.00	\$309.97
Retiree w/Medicare + 1 Dependent w/Med	1	\$701.00	\$701.00	\$619.94
Retiree + 2 or more Dependents	0	\$1,049.00	\$1,049.00	
<b>TOTAL MONTHLY PREMIUM</b>		<b>\$701.00</b>	<b>\$701.00</b>	<b>\$619.94</b>
<b>TOTAL ANNUAL PREMIUM</b>		<b>\$8,412.00</b>	<b>\$8,412.00</b>	<b>\$7,439.28</b>
<b>% Change over Current</b>		<b>N/A</b>	<b>0.00%</b>	<b>-11.56%</b>

NOTE: Quotes assume that all retirees over 65 have Medicare A & B.

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7/26/2004

**CITY OF LODI**  
**MEDICAL - PERS HMO Basic Benefits (Actives & Early Retirees)**

PLAN DEDUCTIBLES & MAXIMUMS	PERS		
	Blue Shield, Kaiser & Western Health Advantage (HMO BASIC PLAN)	Kaiser (Direct)	PACIFICARE (HMO SMP)
Annual Deductible (individual / family)	None	None	None
Co-Insurance	100%	100%	100%
Annual Maximum Co-Payments (individual / family)	\$1,500 / \$3,000 (Kaiser & WHA)	\$1,500 / \$3,000	\$1,500 / \$3,000
Adult Routine Physical Exams	\$10 co-pay/visit	\$10 co-pay/visit	\$10 co-pay/visit
Physician Office Visits	\$10 co-pay/visit	\$10 co-pay/visit	\$10 co-pay/visit
Room & Board (semi-private)	100%	100%	100%
Emergency Room Services (waived if admitted)	\$50 max. co-pay/visit	\$50 max. co-pay/visit	\$35 max. co-pay/visit
Ambulance Services	100%	100%	100%
Home Health Care	100%	100%	100%
Skilled Nursing Facility	100% (100 days/calendar year max)	100% (100 days/calendar year max)	100% (100 days/calendar year max)
Short Term Rehabilitation	Hospital: 100% Office & Home Visit: \$10/visit	Hospital: 100% Office & Home Visit: \$10/visit	Hospital: 100% Office & Home Visit: \$10/visit
Durable Medical Equipment	100%	100%	100%
Prescription Drug Co-Pay (Retail Pharmacy)	\$5 Generic/ \$15 Brand / \$45 Non-Formulary <sup>1</sup> (30 days) Kaiser: \$5/\$15 (100 Days)	\$5 Generic/ \$15 Brand (100 days)	\$5 Generic/ \$15 Brand / \$30 Non-Formulary (30 days)
Prescription Drug Co-Pay (Mail Order- 90 Days Supply)	\$10 Generic / \$25 Brand / \$75 Non-Formulary <sup>1</sup> \$1,000 Out of pocket annual max per person (Except Kaiser)	\$5 Generic/ \$15 Brand (100 days)	\$10 Generic / \$25 Brand / \$45 Non-Formulary \$1,000 copay annual max for mail order
In-Patient Mental Health	100%, up to 30 days/year	100%, up to 30 days/year	100%, up to 30 days/year
Out-Patient Mental Health Severe: Non-Severe:	\$10 co-pay, unlimited \$20 co-pay; 20 visits per year (Kaiser: \$10 copay/visit, 20 visits/year)	\$10 co-pay, unlimited \$10 co-pay; 20 visits per year (Individual)	\$10 co-pay, unlimited \$10 co-pay; 20 visits per year
Lifetime Maximum	Unlimited	Unlimited	Unlimited
Hearing Aids	\$1,000 maximum benefit per 36 months	\$1,000 allowance per aid every 36 months	\$1,000 maximum benefit per 36 months
Chiropractic Care	\$10 co-pay/visit(Kaiser & WHA) 20 visits/per calendar yr	\$10 co-pay/visit 20 visits/per calendar yr	\$10 co-pay/visit; 40 visits Current benefit through Landmark

*This is merely a summary of benefits for comparison purposes. Please refer to the plan proposal for details.*

# CITY OF LODI

## MEDICAL - CalPERS PPO (Basic Benefit Summary) - PERS Choice and Equivalents

PLAN DEDUCTIBLES & MAXIMUMS	PERS-CURRENT		PACIFICARE	
	PERSCare	PERS Choice	PPO U52 (like PERSCare)	PPO U53 (like PERS Choice)
Annual Deductible (applies to services except where noted)	PPO & Non-PPO: Individual: \$500 / Family: \$1,000	PPO & Non-PPO: Individual: \$500 / Family: \$1,000	PPO & Non-PPO: Individual: \$500 / Family: \$1,000	PPO & Non-PPO: Individual: \$500 / Family: \$1,000
Co-Insurance	PPO: 90% Non-PPO: 60%	PPO: 80% Non-PPO: 60%	PPO: 90% Non-PPO: 60%	PPO: 80% Non-PPO: 60%
Out of Pocket Maximum	Individual: \$2,000 / Family: \$4,000	Individual: \$3,000 / Family: \$6,000	Individual: \$2,000 / Family: \$4,000	Individual: \$3,000 / Family: \$6,000
Physician Office Visits	PPO: \$20 co-pay Non-PPO: 60%	PPO: \$20 co-pay Non-PPO: 60%	PPO: \$20 co-pay Non-PPO: 60%	PPO: \$20 co-pay Non-PPO: 60%
Adult Routine Physical Exams	PPO: 100% Non-PPO: 60%	PPO: 100% Non-PPO: 60%	PPO: \$20 co-pay / Non-PPO: 60% \$300 maximum/cal year	PPO: \$20 co-pay / Non-PPO: 60% \$300 maximum/cal year
Hospital Room & Board (semi-private)	\$250 deductible/per admission then PPO: 90% / Non-PPO: 60%	PPO: 80% Non-PPO: 60%	PPO: 90% Non-PPO: 60% after \$250/admission	PPO: 80% Non-PPO: 60%
Emergency Room Services (waived if admitted)	PPO & Non-PPO: \$50 co-pay/visit, then 90%	PPO & Non-PPO: \$50 co-pay/visit, then 80%	PPO & Non-PPO: \$50 co-pay/visit, then 90%/60%	PPO & Non-PPO: \$50 co-pay/visit, then 80%/60%
Ambulance Services	PPO: 80% Non-PPO: 80%	PPO: 80% Non-PPO: 80%	PPO: 80% Non-PPO: 80%	PPO: 70% Non-PPO: 70%
Home Health Care	PPO: 90% / Non-PPO: 60% Up to 100 visits	PPO: 80% / Non-PPO: 60% Up to \$6,000 max/yr	PPO: 90% / Non-PPO: 60% Up to 100 visits/cal year	PPO: 80% / Non-PPO: 60% Up to 100 visits/cal year
Skilled Nursing Facility	PPO: 90% / Non-PPO: 60%, 1st 10 days PPO: 80% / Non-PPO: 60%, next 170 days	PPO: 80% / Non-PPO: 60%, 1st 10 days PPO: 70% / Non-PPO: 60%, next 170 days	PPO: 90% / Non-PPO: 60% Up to 180 days/cal year	PPO: 80% / Non-PPO: 60% Up to 100 days/cal year
Short Term Rehabilitation	PPO: 90% / Non-PPO: 60% Up to \$5,000 max	PPO: 80% / Non-PPO: 60% (80% for occupational) Up to \$5,000 lifetime for speech/physical therapy	PPO: 90% / Non-PPO: 60% Up to \$2,000/cal year	PPO: 80% / Non-PPO: 60% Up to \$5,000 while insured
Durable Medical Equipment	PPO: 90% Non-PPO: 60%	PPO: 80% / Non-PPO: 60% Up to \$3,000 max	PPO: 90% / Non-PPO: 60% Up to \$3,000/cal year	PPO: 80% / Non-PPO: 60% Up to \$3,000 max/cal year
Prescription Drug Co-Pay (Retail Pharmacy)	Participating Pharmacy: \$5 Generic / \$15 Brand / \$45 Non-Formulary (34 days)	Participating Pharmacy: \$5 Generic / \$15 Brand / \$45 Non-Formulary (30 days)	Participating Pharmacy: \$5 Generic / \$15 Brand / \$30 Non-Formulary (30 days)	Participating Pharmacy: \$5 Generic / \$15 Brand / \$30 Non-Formulary (30 days)
Prescription Drug Co-Pay (Mail Order)	\$10 Generic / \$25 Brand / \$75 Non-Formulary (90 days) \$1,000 Out of pocket annual max per person	\$10 Generic / \$25 Brand / \$75 Non-Formulary (90 days) \$1,000 Out of pocket annual max per person	\$10 Generic / \$25 Brand / \$45 Non-Formulary (90 days) \$1,000 copay max/cal year for mail order	\$10 Generic / \$25 Brand / \$45 Non-Formulary (90 days) \$1,000 copay max/cal year for mail order
Mental Health In-Patient	\$250 deductible/per admission then PPO: 90% / Non-PPO: 60% MH: 30 days SA: 15 days SA: \$12,000 lifetime max for all services	PPO: 80% / Non-PPO: 60% MH: 20 days SA: 20 days SA: \$12,000 lifetime max for all services	PPO: 90% Non-PPO: 60% after \$250/admission MH: 15 days/cal year SA: \$5,000 max/cal year, 3 days/admission	PPO: 80% Non-PPO: 60% after \$250/admission MH: 15 days/cal year SA: \$5,000 max/cal year, 3 days/admission
Out-Patient	PPO: 90% / Non-PPO: 60% MH & SA: 30 visits	PPO: 80% / Non-PPO: 60% MH & SA: 24 visits	PPO: 90% / Non-PPO: 60% MH: 20 visits; SA: 24 visits	PPO: 80% / Non-PPO: 60% MH: 20 visits; SA: 24 visits
Lifetime Maximum (per member)	Unlimited	\$2,000,000	Unlimited	\$2,000,000
Hearing Aids	PPO: 90% / Non-PPO: 60% \$1,000 max benefit per 36 months	PPO: 80% / Non-PPO: 60% \$1,000 max benefit per 36 months	PPO: 90% / Non-PPO: 60% \$2,000 max benefit while insured	PPO: 90% / Non-PPO: 60% \$2,000 max benefit while insured
Chiropractic Care	PPO: 90% / Non-PPO: 60% Up to 20 visits per year	PPO: 80% / Non-PPO: 60% Up to 15 visits per year	PPO: 90% / Non-PPO: 60% Up to 20 visits per year	PPO: 80% / Non-PPO: 60% \$1,000 calendar year maximum benefit

*This is merely a summary of benefits for comparison purposes. Please refer to the plan proposal for details.*

# PacifiCare Letters

- \* Trend and Retention "Guarantees"
- \* Response to Provider Concerns
- \* Lodi Primary Care Medical Associates: Medcore Contracting Letter



July 26, 2004

Teri Ezaki  
ABD  
2480 Natomas Dr. Suite 200  
Sacramento, CA 95833

Re: PacifiCare of California – Trend and Retention Understanding with the City of Lodi

These criteria specify the conditions under which PacifiCare of California (“PacifiCare”) will offer a trend guarantee on the City of Lodi employees and eligible dependents enrolled in the HMO, during the January 1, 2005 – December 31, 2005 plan year. These criteria supercede any conflicting terms in the PacifiCare contract or other written materials addressing the relationship between PacifiCare and the City of Lodi.

Please keep in mind that each of these provisions is offered for the plan year outlined above. These provisions will not be automatically rolled over to future plan years. We will re-consider these upon issuing our renewal rates and it should be assumed that they do not apply unless specifically called out in our renewal offer.

**Retention Guarantee:**

The retention component of the PacifiCare rates will not exceed 12% of the total premium for the renewal period January 1, 2006 through December 31, 2006. The retention component is inclusive of administration costs and profit and excludes commission.

**Health Care Cost Trend Guarantee:**

The health care cost trend guarantee applies to the individual annual trend components that will be used for the January 2006 renewal rating. It is not a guarantee on the level of the City of Lodi’s claims. Any shift in provider cost reimbursement type from capitated to shared risk will follow standard assumptions. The trend guarantees does not account for any legislative changes that may impact the rates.

- **Capitation**

Physician/Hospital Capitation will be trended at 14% over actual provider contract terms for 2005 and based on membership distribution as of the renewal calculation date.

- **Claims**

Non-Capitated Medical	14.0%
Pharmacy	14.5%

Pharmacy will be trended separately and is based on the group purchasing the 3 tier buy up plan.

This offer is contingent upon the group waiting until 8/15/05 to get the 1/1/06 renewal. If you have any questions, or would like to further discuss the terms of this letter, please feel free to contact me.

Sincerely,

Heidi Duncan  
Senior Business Manager

July 20, 2004

Terri Ezaki  
ABD  
2840 Natomas Park Dr., Suite 200  
Sacramento, CA 95833

Dear Terri,

The purpose of this letter is to respond to concerns raised in regards to the medical providers/insurance relationships in Lodi.

PacifiCare's goal is to provide cost effective, quality care to our members while at the same time supporting our provider relationships that offer a stable, local network within the community. In addition, PacifiCare provides choice by offering both our HMO & PPO products.

I have attached your comments with our responses in bold print.

a) Please have Provider Relations discuss with Medcore the possibility of extending a contract to Valley MRI/Lodi MRI. This effort is necessary or this may not go forward. Dixon was pretty adamant that competition is what will keep costs down and I believe you heard that loud and clear at the City Council meeting. I recognize that there are no guarantees with the CalPERS carrier/provider relationships but we need to show a good faith effort with PacifiCare.

**Josh Martin, Director of Network Mgmt with PacifiCare spoke to MedCore about this and they will not contract with Dr. Federal's group. The reason is MedCore's contract Delta Radiology is not exclusive but it is capitated. If MedCore contracts with Dr. Federal's group it sets them up for a potential double pay (capitation and fee for service) situation and they are not willing to put themselves in that position. This makes sense from a business prospective.**

b) I would like to have some assurance from PacifiCare that should Lodi Primary Care cancel with Medcore that contracts in some form would be extended to the Lodi Primary care physicians. Perhaps, a call from Provider Relations to the Lodi Primary care to determine what their "feelings" are might be beneficial. The Exec. Administrator is James McKeon. 209-366-2090. Lynette has already spoken to him but I think I am going to call too based on the conversation I had with Dr. Federal.

**Josh has had multiple discussions with Jim. They are considering starting up a medical foundation with Sutter and as an interim step they have contracted with Gould Medical Foundation (a Sutter affiliate). If LPCMA were to terminate with MedCore (very unlikely) then PacifiCare members could access LPCMA via Gould. We do not do this currently because it is more cost effective to access LPCMA via MedCore. We could certainly access them via Gould in the future if needed. Jim is aware of this as well. As a side note, PacifiCare currently provides health insurance to LPCMA's employees.**

c) Determine if Valley MRI/Lodi MRI is available from any other avenue under the HMO (i.e. Sutter Gould???) and PPO. Of course, the problem is that the cap is with the PCPs for the HMO will mostly be Medcore.

**Valley MRI/Lodi MRI is available in our HMO and PPO networks through Delta IPA.**

You will receive a letter from Jim McKeon with comments from the medical group's perspective

We look forward to working through the concerns since it appears that PacifiCare offers a solid solution to the City of Lodi by offering products that adequately replace Calpers as well as our ability to offer a robust stable network of providers. Please free to contract me for further questions.

Sincerely,

Heidi F. Duncan  
Senior Business Manager



**Lodi Primary Care Medical Associates, Inc.**

830 South Ham Lane, Suite 24 • Lodi, California 95242 • (209) 366-2000 • fax (209) 366-2020

Wednesday, July 21, 2004

City Council Members  
City of Lodi:

This letter is written in response to a request by Josh Martin of Pacificare.

This letter is to confirm that the physicians of Lodi Primary Care Medical Associates (LPCMA) have given a verbal commitment to Russ Foster of Medcore Medical Group that we will be renewing our contract with Medcore for another year. Our current agreement ends November 30, 2004 and with an extension the contractual relationship will continue at a minimum through 11/30/2005.

The discussions regarding the continuation of our contract will start in early August, 2004 and it is our sincere belief that the strong long standing contractual relationship between LPCMA and Medcore will continue.

Sincerely,

James T. McKeon  
Administrator, LPCMA  
209-366-2090  
[jmckeon@lpcma.com](mailto:jmckeon@lpcma.com)

Cc: Russ Foster, Medcore  
Josh Martin, Pacificare  
Corey Colla, M.D.; President, LPCMA



# Lodi Professional Firefighters • Local 1225

P.O. Box 1841 Lodi, California 95241

Mr. Dixon Flynn, City Manager  
City of Lodi  
221 West Pine Street  
Lodi, California 95240

July, 18 2004

Mr. Flynn,

It would be a mistake for the City of Lodi to change health care plans. The Lodi Professional Firefighters believe it is in the best interest of the City, and their firefighters to stay with CalPERS medical plans. The savings purposed by Pacific Care will be short lived. CalPERS has pool of 1.2 million members and are the largest purchaser of pubic health benefits in California and the second largest purchaser in the nation. CalPERS have a ten year history of the lowest rates. If we are making a five or ten year decision the decision has to be CalPERS.

Please refer to the current Memorandum of Understanding between the City of Lodi and the Lodi Professional Firefighters, it states the following:

## Article XXII - Medical Insurance

- 22.1 All employees shall be offered medical insurance for themselves and dependents through CalPERS medical plans. The City shall pay 100% of the premium for employees only up to the highest HMO available in Lodi. The City shall pay the balance for the highest cost HMO Plan available in Lodi for the employee with one dependent less \$80.00 per month, and employee with a family less \$104.00 per month.

If you have any questions feel free to contact me any time, and thank you in advance for your time in this mater.

Peter Iturraran, President  
Lodi Professional Firefighters  
Local 1225

Cc;  
LPF Executive BOD  
Gary Messing  
Joanne Narlock